

Fact Sheet for Multi-Purpose Organizations (Including Nonprofit Organizations, Federal and Out-of-State Political Action Committees)

Some organizations that receive donations or other payments (e.g., membership dues) for purposes other than making political expenditures in California nevertheless do, at times, make political expenditures to support or oppose California state or local candidates or ballot measures. These organizations are subject to the same disclosure rules as those that raise funds specifically for California elections in that they must disclose the sources of funds used for their political expenditures. Common examples are nonprofit organizations, federal and out-of-state political action committees, and local clubs that generally focus on educational and social activities.

FPPC regulation 18215 sets out a rule for these “multi-purpose” organizations to use for determining when they qualify as “recipient committees” required to disclose funding sources under California’s Political Reform Act. (California Government Code sections 81000-91014.)

A multi-purpose organization is receiving “contributions” if its members or donors make payments to the organization (including dues) and, at the time of making the payments, the donors know or have reason to know that the funds, with which their payments will be commingled, will be used to make contributions or expenditures to support or oppose California state or local candidates or ballot measures. There is a presumption that the donors do *not* have reason to know that all or part of their payments made to the multi-purpose organization will be used for political activities in California *unless* the organization has made expenditures or contributions totaling at least \$1,000 during the current calendar year or any of the immediately preceding four calendar years.

If only part of a donor’s payment will be used to make contributions or expenditures, the payment may be apportioned for reporting purposes. The Act does not provide a specific accounting method for determining the amount of each donor’s or member’s payment that must be reported as a contribution. Any reasonable allocation method is appropriate.

Examples: *The Golden Rule Association provides education support to teachers. The association receives money from membership dues. In 2006, the association made a contribution of \$5,800 to a ballot measure committee. This contribution was the first contribution made from the general fund and members did not have a reason to know that a portion of their dues would be used for political purposes in California at the time they paid their dues. The association did not qualify as a committee. In 2007, the association made a second contribution of \$6,000, from membership dues, to a ballot measure committee. At that point, the association qualified as a recipient committee and must file a Statement of Organization (Form 410) and other recipient committee campaign*

reports. The association may use any reasonable accounting method to determine the amount of each member's dues payment that was used to make the contribution.

Charity for Children is a 501(c)(3) organization that provides services to children with disabilities. The organization has never made a political expenditure or solicited funds for political purposes. In 2006, a state ballot measure, if passed, will increase funds for programs to help children with disabilities. Charity for Children provides the services of two full-time employees to the ballot measure committee to help with mailings, telephone calls, and other associated campaign activity, at a cost of \$6,000 per month for three months. Although Charity for Children has not received money earmarked for the measure, it is using donated funds to make political expenditures in the form of staff resources. The organization qualifies as a recipient committee when it makes its second payment of \$1,000 or more.

If a multi-purpose organization solicits funds for political purposes, the organization must disclose the full amount of each earmarked contribution.

Example: *Citizens for Public Libraries is an organization that provides educational services to the community. One year, the organization sent a mailer to its members asking for \$200 for the sole purpose of supporting Measure A, a library bond measure. Once \$1,000 was received for this purpose, the organization qualified as a ballot measure committee, filed a Statement of Organization (Form 410), and began filing recipient committee campaign reports disclosing the full amount of each contribution.*

It is important to note that a multi-purpose organization that does not qualify as a recipient committee may become a “major donor committee” or an “independent expenditure committee” when it chooses to make one substantial contribution or expenditure to influence a state or local election. Therefore, an organization that makes a one-time contribution of \$10,000 or more would qualify as a major donor committee with reporting obligations under the Act. Similarly, an organization that makes a one-time independent expenditure of \$1,000 or more would qualify as an independent expenditure committee with reporting obligations under the Act.¹

Example: *On November 1, 2006, a federal political action committee made its first contribution in the amount of \$40,000 to a California state ballot measure committee. The committee had not made a previous contribution to a California candidate or committee. The federal committee qualified as a major donor committee when the \$40,000 contribution was made, disclosing its contribution on the Major Donor and Independent Expenditure Committee Campaign Statement (Form 461).*

Call the FPPC at 1-866-ASK-FPPC for assistance with these reporting requirements.

¹ An “independent expenditure” is a payment for a communication that expressly supports or opposes a clearly identified candidate or ballot measure—but the payment is not made to or at the behest of the affected candidate or a committee formed to support or oppose the ballot measure. (Gov. Code section 82031.)